



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

FROM: Noel Tapia, City Attorney

SUBJECT: Second Amendment to City Manager Employment Agreement

MEETING DATE: June 23, 2026

RECOMMENDATION:

It is recommended that the City Council consider approving the Second Amendment to the Employment Agreement between the City of Commerce and Ernie Hernandez for City Manager services.

BACKGROUND/ANALYSIS:

On April 9, 2024, the City Council approved an employment agreement between the City and Mr. Hernandez. The employment agreement outlines the terms and conditions of employment between the City and Mr. Hernandez as City Manager. The City and Mr. Hernandez entered into a first amendment to the employment agreement on October 14, 2025.

Following the recent completion of Mr. Hernandez's annual performance review, the City Council acknowledges that Mr. Hernandez has performed exceptionally well. The City Council recognizes that it is in the best interest of the City, staff and stakeholders to have stability in the City Manager position and to that end directed staff to prepare a second amendment to the current employment agreement as follows:

- Modifications to existing severance language
- Five-year extension of existing employment agreement
- Salary adjustment commensurate with other City Managers that are part of multi-jurisdictional collation of regional advocates for industrial, commercial and residential priorities.
- Performance inducement in the form of up to two percent of base salary available

for tuition reimbursement for previous, existing or future education expenses.

FISCAL IMPACT:

Amendment impacts were included as part of the Two Year 2026-2028 Citywide Proposed Budget.

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

Approved and Recommended by:	Noel Tapia, City Attorney
Fiscal Impact reviewed by:	Alvaro Castellon, Director of Finance
Approved as to form by:	Noel Tapia, City Attorney
Respectfully submitted:	Noel Tapia, City Attorney

Attachments:

1. Resolution – Second Amendment City Manager Employment Agreement
2. Second Amendment City Manager Employment Agreement